STATE OF NEW YORK PUBLIC SERVICE COMMISSION

OPINION NO. 97-7

- CASE 93-C-0451 Proceeding on Motion of the Commission to Review Rates, Charges, Rules and Regulations of New York Telephone Company Affecting the Information Provisioning Industry.
- CASE 91-C-1249 Proceeding on Motion of the Commission
 Concerning an Ordinary Tariff Filing of New
 York Telephone Company to Remove Tariff
 Language No Longer Required Which Referenced
 the Billing of Customers for Non-Access Charges
 Under the Telephone Company Exchange Service
 Tariffs for Calls to Certain Community
 Information Services.

OPINION AND ORDER CONCERNING COMPLAINTS

Issued and Effective: May 29, 1997

CASES 93-C-0451 and 91-C-1249

TABLE OF CONTENTS

	<u>Page</u>
APPEARANCES	
BACKGROUND	1
EXCEPTIONS	5
DISCUSSION	9
ORDER	15
APPENDIX	

<u>APPEARANCES</u>

FOR NEW YORK STATE DEPARTMENT OF PUBLIC SERVICE:

Saul Abrams, Staff Counsel, Three Empire State Plaza, Albany, New York 12223.

FOR LEXICOM:

Terrence Peck, President, 59 East Broadway, New York, New York 10002.

FOR AT&T:

Michael J. Morrissey, Government Affairs Vice President, 32 Avenue of the Americas, 27th Floor, New York, New York 10013.

FOR BLACK RADIO NETWORK, INC.:

Jay R. Levy, President, 166 Madison Avenue, New York, New York 10016.

FOR JMJ ASSOCIATES, INC.:

Jeffrey Shankman, Executive Vice President, 271 Madison Avenue, Suite 908, New York, New York 10016-1001.

FOR SCOREPHONE:

John Carella, 230 East 71st Street, New York, New York 10021.

FOR FONAWIN CORPORATION:

Richard DeFuccio, Vice President, 655 Madison Avenue, 17th Floor, New York, New York 10021.

FOR ASSOCIATION OF INFORMATION PROVIDERS:

Klein, Zelman, Briton, Rothermel & Dichter (Joel R. Dichter and Robert F. Aldrich), 485 Madison Avenue, New York, New York 10022.

FOR NEW YORK TELEPHONE COMPANY:

Barry S. Abrams, Amy Kanengiser, Thomas J. Farrelly, Sandra Thorne and Saul Fisher, 1095 Avenue of the Americas, New York, New York 10036.

APPEARANCES

FOR ACCURATE INFO/ICN CORP:

Albert Angel, Esq., 1801 S. Federal Highway, Suite 300, Delray, Florida 33483.

FOR MFS INTELENET OF NEW YORK, INC.:

Swidler & Berlin (Russell M. Blau, and Andrew D. Lipman), 3000 K Street, N.W., Suite 300, Washington, D.C. 20007-7645

FOR STATISTICAL PHONE INFORMATION SYSTEMS:

Karen S. Burstein, 258 Broadway - 2C, New York City, New York 10007.

FOR NEW YORK TELEPHONE COMPANY:

Roger & Wells (Guy C. Quinlan), Two Hundred Park Avenue, New York, New York 10166-0153.

FOR PHONE PROGRAMS, INC.:

Bressler, Amery & Ross (Eric L. Chase), 325 Columbia Turnpike, Florham Park, NJ 07932.

FOR ANTHONY LOBOSCO:

Leonard N. Flamm, 880 Third Avenue, New York, New York 10022.

FOR CONSTANCE SCOTTO:

Lawler & Paykin (James P. O'Neill), 310 Madison Avenue, New York, New York 10017.

FOR FABULOUS ASSOCIATES:

Joseph D. Favole, Jr., President, 20 Cherry Lane, Howell, NJ 07731.

PRO SE:

Suzanne Soboloff, 145 W. 55 Street, New York City, New York 10019.

APPEARANCES

FOR NEW YORK STATE DEPARTMENT OF LAW:

Charlie Donaldson, Esq., Assistant Attorney General, 120 Broadway, Room 3-118, New York, New York 10271.

FOR PHONE NETWORK, INC.:

Robert Schechter, 135 Morningstar Road, Staten Island, New York 10303.

FOR STATISTICAL PHONE INFORMATION SERVICES:

Anthony Colangelo and Nicholas Fusco, 430 Ward Avenue, Mamaroneck, New York 10543.

FOR PHONE PROGRAMS, INC.:

Bruce Fogel, Chairman, and Carol A. Brennan, Vice President, 40 Elmont Road, Elmont, New York 11003.

FOR AD HOC COMMITTEE OF INFORMATION PROVIDERS:

Arthur Evans, President, P.O. Box 454, Brooklyn, New York 11230.

FOR MCI TELECOMMUNICATIONS CORPORATION:

Whiteman, Osterman & Hanna (John McGrath and Paul C. Rapp, Esgs.), 1 Commerce Plaza, Albany, New York 12210.

FOR US SPRINT COMMUNICATIONS COMPANY LIMITED PARTNERSHIP:

Craig Dingwall, General Regulatory Attorney, 1850 M Street, N.W., Suite 1110, Washington, D.C. 20036.

FOR MEGANEWS:

Robert E. Menzimer, President, 101 Townsend Street, Suite 312, San Francisco, CA 94107.

FOR BLACK RADIO NETWORK:

Roland, Fogel, Koblenz & Carr (Keith J. Roland, Esq.), 1 Columbia Place, Albany, New York 12207.

FOR VOICE INFORMATION SERVICES, DOW JONES & COMPANY, INC.:

Marsha A. Stoltman, Product Manager, P.O. Box 300, Princeton, NJ 08543-0300.

STATE OF NEW YORK PUBLIC SERVICE COMMISSION

COMMISSIONERS:

John F. O'Mara, Chairman Eugene W. Zeltmann Thomas J. Dunleavy

- CASE 93-C-0451 Proceeding on Motion of the Commission to Review Rates, Charges, Rules and Regulations of New York Telephone Company Affecting the Information Provisioning Industry.
- CASE 91-C-1249 Proceeding on Motion of the Commission
 Concerning an Ordinary Tariff Filing of New
 York Telephone Company to Remove Tariff
 Language No Longer Required Which Referenced
 the Billing of Customers for Non-Access Charges
 Under the Telephone Company Exchange Service
 Tariffs for Calls to Certain Community
 Information Services.

OPINION NO. 97-7

OPINION AND ORDER CONCERNING COMPLAINTS

(Issued and Effective May 29, 1997)

BY THE COMMISSION:

BACKGROUND

These proceedings concern "Mass Announcement Service" (MAS), under which New York Telephone Company provides facilities and services to Information Providers (IPs), who in turn offer short recorded messages (maximum duration: 57 seconds) on 976 numbers. The IPs' programs include, for example, weather, time, sports scores, lottery results, and stock market reports.

Callers pay New York Telephone a fixed charge per call (currently 40¢), and New York Telephone remits to the IP a portion of that charge (currently 20¢).

Case 93-C-0451 was instituted by order issued May 26, 1993 as an omnibus proceeding to consider various IPs' complaints against New York Telephone and other MAS-related issues. In the

The appendix is an alphabetical listing of acronyms used in this opinion and order.

proceeding's first phase, New York Telephone and 12 IPs, including the major ones, negotiated a Joint Proposal, resolving some of the points of contention. The Joint Proposal was approved, with some modifications, in Opinion No. 94-14.

Administrative Law Judge Frank Robinson presided over these cases. In an October 1, 1993 ruling, the Judge established Phase II of Case 93-C-0451 for the purpose of resolving MAS-related issues not covered by the Joint Proposal. Subsequently, six days of evidentiary hearings were held in New York City in April 1996, five more days in August, and two days in September. The record includes 5007 transcript pages and 175 exhibits. Judge Robinson's recommended decision was issued January 17, 1997.

In his recommended decision, Judge Robinson found, among other things, that New York Telephone had been grossly negligent and had engaged in willful misconduct in connection with the September 1990 installation and cutover of a new switch (the Ericsson switch) used to provide service to the IPs. Judge Robinson found that the IPs' businesses had been seriously harmed over an extended period by the operational problems that attended the cutover of the new switch, problems that made it impossible for callers to reach 976 numbers and that may have led callers to believe that the IPs' services were no longer available. found that New York Telephone had failed to reveal to the IPs (1) that the switch in use prior to the Ericsson switch was not capturing all calls for billing purposes and (2) that the socalled Autrax call counts obtained from that switch had been routinely reviewed and manually adjusted by New York Telephone, unbeknownst to the IPs. He further found that New York Telephone

Cases 93-C-0451 and 91-C-1249, New York Telephone Company (Information Providers), Opinion No. 94-14 (issued June 1, 1994). That opinion (in conjunction with several subsequent orders) also resolved the principal issue of Case 91-C-1249, concerning the charges on interLATA 976 calls carried by interexchange carriers. At this point, there are no remaining matters to be considered in Case 91-C-1249, and that proceeding is closed by this opinion and order.

had deliberately attempted to conceal the Autrax call count reports from the IPs and had attempted to deceive him and the parties by seeking to explain the drop in post-cutover call counts by reference to the cessation of certain IPs' sometime practice of "call pumping," an activity whose cessation, Judge Robinson said, could not possibly explain the drop in call volumes, as New York Telephone, he maintained, well knew. In addition, Judge Robinson stated that New York Telephone promised to share with the Commission the report of an independent law firm investigation into accusations of company wrongdoing advanced by a former New York Telephone employee (Anthony Lobosco, who was the 976 product manager and whose employment was terminated during the course of the proceeding) and then reneged on its promise.

Judge Robinson concluded that although the Commission could not award "damages" to the IPs in the traditional sense of that term, "clearly, the Commission is not powerless to order redress when a utility service . . . is provided in a manner characterized, as here, by gross negligence and willful misconduct." He explained that "[i]n such a case, pursuant to the applicable tariff, the Commission has the authority to require refunds of charges for service . . . [and] can take into consideration the harm suffered by the complainants, due to the defective service they received, when it renders a judgment concerning the size of the refund to be required."1 Judge Robinson recommended that the Commission order New York Telephone to refund to those IPs who were in operation at the time of the cutover 15% of the company's revenues associated with calls to those IPs from September 1990 through October 1996, plus interest. The Judge calculated that this recommendation would lead to a refund of \$25.2 million, exclusive of interest.

The Judge also found that the Ericsson switch is not accurate and reliable in counting calls to 976 numbers, and he recommended that New York Telephone be required either to

R.D., p. 145.

implement a remedial measure suggested by one of the IPs or to propose an alternative remedy of its own. In addition, he recommended that the company be required to notify any affected IP whenever mechanically derived call counts are not available or are manually adjusted.

On a separate issue, Judge Robinson concluded that New York Telephone had failed to apply its allocated 1¢ share of a February 1989 2¢-per-call increase in the rate charged the public for 976 service as the Commission had intended--i.e., by devoting the additional revenues to advertising and promoting 976 service. He recommended that the company should therefore be required to make refunds to the IPs of 1¢ per call for the period from February 1989 through June 1994, when the rate structure for 976 was substantially changed.

Judge Robinson also addressed complaints that New York Telephone and NYNEX (through its subsidiary, NYNEX Information Resources Company (NIRC)) are competing unfairly against 976 The gist of the complaints is that NIRC offers a service known as Customer Advantage, which a caller, for the price of a local call, can use to obtain information similar to that offered via 976 numbers at 40¢ per call. Judge Robinson --noting that the IPs have no right to be protected from lawful competition and that NIRC's service offering was not unlawful --concluded nevertheless that there is unfairness in the fact that local calling rates are based on cost, whereas 976 charges, which were developed in an era when the revenues from discretionary services were used to subsidize local calling rates, reflect cost plus an amount viewed as "contribution." He recommended that 976 rates be revised to eliminate the contribution factor, but he opined that even with such a change, 976 service may be doomed by competitive alternatives.

On still another front, Judge Robinson found that the current "blocking" regime is unfair to 976 providers (and to their customers or potential customers) (1) because customers who want to block access to 900 and 540 numbers (on which "adult" services are offered) are forced to block access to 976 numbers

as well and (2) because 976 numbers can be blocked if a customer fails to pay for other services (e.g., long distance). He recommended that these problems be remedied in one of several possible fashions.

In an effort to foster possible competition for handling of 976 calls by firms other than New York Telephone. Judge Robinson recommended that the company be required to unbundle its MAS tariff and offer separate rates for three elements of 976 service: (1) billing and collection, (2) call origination and transport, and (3) call processing. He also recommended that the Commission either implement number portability for IPs to the extent the FCC fails to do so or at least require New York Telephone to provide an intercept service that would advise callers how to reach an IP that elected to use a competitive local exchange carrier (CLEC). In addition, he recommended that New York Telephone be required to offer automatic number identification (ANI) to the IPs, so as to make it possible for them to do their own billing and collection or to use the billing and collection services of third parties. Finally, in this regard, he noted that New York Telephone had agreed to pay MFS Intelenet (a CLEC) 5¢ per call for 976 calls originating on MFS' network and had offered to pay other CLECs the same amount. He observed that it seemed reasonable to require New York Telephone to accept the same 5¢ as compensation when a New York Telephone customer places a call to a 976 number on a CLEC network.

EXCEPTIONS

New York Telephone excepts to many aspects of Judge Robinson's findings and conclusions. The company admits there were lots of problems with the Ericsson switch, but it contends that, at worst, it was guilty of ordinary negligence, which, under the tariff, does not give rise to liability. Further, it claims that there was no basis for the Judge's finding of litigation misconduct on the company's part, that the refund recommended by the Judge is actually an attempt to award damages

and, as such, is beyond the Commission's authority and that, in any event, the Judge seriously exaggerated the extent of any harm suffered by the IPs. New York Telephone also contends that the Judge's determination that the company improperly failed to advertise and promote 976 service and should therefore refund a portion of the 1989 rate increase to the IPs is in conflict with a prior Commission decision and with the prohibition against retroactive ratemaking. It objects, as well, to the Judge's recommendations (1) for elimination of the "contribution" factor from 976 rates, (2) for changing the current method of counting calls, and (3) for the establishment of new "blocking" options. (It does not, however, object to the recommendations that it unbundle the 976 rate structure and offer number portability and ANI to the IPs.)

New York Telephone also notes that Judge Robinson raised questions about the company's motivation in firing Mr. Lobosco, and it claims it was unnecessary and wrong for the Judge to have done so. New York Telephone asks the Commission not to accept the Judge's comments about the Lobosco termination.

Exceptions have been filed by several other parties. Voice Link Network Services, Inc. et al., a group of IPs (Voice Link), takes exception to Judge Robinson's failure to recommend refunds on account of New York Telephone's manual adjustments of the Autrax call counts during the period prior to the cutover of the Ericsson switch. Quoting the Judge's observation that "there is . . . no way to gain assurance that the company was not simply stealing from the IPs under cover of 'adjusting' their call counts," Voice Link says the telephone company is not entitled to the benefit of any doubt and that notwithstanding the testimony of Ms. Scotto (the now-retired New York Telephone employee who made the manual adjustments) that her instructions were to err on the side of overcompensating the IPs, the company should be

required to refund 50% of all amounts collected during the Autrax era.1

NY Phone Results, Inc. (NYPR), another IP, has two basic complaints. One is that "our investigation of our steady and continuing decline in call volumes . . . has just recently uncovered a serious and most troubling situation regarding the conduct of NYNEX in the administration of tariffed blocking regulations, a point not addressed in the RD." NYPR, which is concerned about unwarranted blocking of 976 numbers and the use of misleading intercept messages, says it filed a complaint with the Consumer Services Division in October 1996 and that New York Telephone responded in a way that was reassuring, but then failed to follow through. It asks that the Commission force the company to comply with its tariffs and provide accurate intercept messages.2

NYPR's other argument is that the Commission should provide for refunds associated with the Ericsson switch cutover for all IPs who, like NYPR, were not in operation at the time of the cutover. NYPR claims, without elaboration, that "other IPs are scheduled to receive refunds, even though they purchased their program [i.e., went into business] in 1992, after the cutover, " that NYPR's situation is no different, and that to deny NYPR relief would be discriminatory and inequitable.

Black Radio Network, Inc. (BRN) notes that its Autrax call counts routinely were adjusted downward by more than 80% by New York Telephone. It complains that Judge Robinson incorrectly

In a separate pro se brief (the argument described in the text is advanced by counsel), the same parties offer up a melange of arguments. They suggest that refunds should be ordered for the period 1983 to the present, and they contend that New York Telephone's and NYNEX's misconduct (including affiliate overcharges, poor service, fraud on customers and on this Commission, interference with freedom of the press, and unspecified RICO violations) should lead the Commission to (1) withhold approval of the NYNEX/Bell Atlantic merger and

⁽²⁾ reprimand and punish New York Telephone and NYNEX.

² NYPR also complains about an AT&T intercept message.

accepted these adjustments, which were much greater than the adjustments applied to other IP call counts, in calculating BRN's losses associated with the Ericsson switch cutover and in denying BRN relief for the period during which Autrax was in use, despite his finding that the telephone company had an obligation to explain the adjustments and "did not truly or conclusively explain the seemingly peculiar pattern of BRN's numbers." BRN claims there is insufficient record support for the Judge's view that BRN's refunds should reflect the same refund formula applied to the other IPs--a formula based on an assumption that the IPs lost "only" about 30% of their pre-cutover traffic volumes, an amount the Judge derived by measuring the difference between the adjusted pre-cutover call counts and the post-cutover call counts. BRN also contends that New York Telephone's misconduct imposed heavy litigation costs (over \$600,000) on BRN and that the refund formula should take those costs into account. It also urges the Commission to issue an order directing New York Telephone to show cause why the Commission should not institute a \$25 million penalty action against the company and why the company's allegedly outrageous conduct in this case should not be considered in connection with (1) the merger case and (2) New York Telephone's request to provide interLATA service. 1

MCI Telecommunications Corporation (MCI) takes exception to the Judge's recommendation that the telephone company amend its current blocking arrangements so as to preclude the blocking of access to 976 numbers in cases where a customer may not have paid a bill for other services (e.g., long distance calls). MCI argues that the currently effective billing and collection rules were developed as part of a comprehensive

BRN also urges the Commission to strike from the record two affidavits submitted by New York Telephone after the close of the record in an effort to discredit Mr. Lobosco's testimony. (Judge Robinson admitted the affidavits but found that they did not undermine the Lobosco testimony.)

settlement of Case 90-C-1148¹ and that implementation of one of Judge Robinson's suggestions for curing the blocking problem would, in substance, amount to a modification of that settlement--without notice to numerous affected parties or opportunity for them to be heard. MCI also calls attention to Judge Robinson's observations concerning New York Telephone's agreement with MFS Intelenet concerning the handling of 976 traffic between a caller on one local exchange network and an IP on another network. MCI notes that while the Judge did not explicitly propose that the Commission adopt any billing and collection or compensation rules for internetwork calls, "neither . . . did [he] explicitly negative" such a proposal. MCI says the Commission should make no determination on these matters in this proceeding but should leave them instead to consensual negotiations among the affected parties.

The Ad Hoc Committee of Independent Information
Providers (AHCIIP) argues that the recommended decision was
generally excellent but that Judge Robinson violated AHCIIP's due
process rights in various ways and that AHCIIP should be awarded
a greater refund than as contemplated by the recommended
decision. In particular, AHCIIP says it should receive a refund
of all charges collected by New York Telephone during the Autrax
era.

DISCUSSION

Although we agree with the Judge's findings and conclusions concerning New York Telephone's conduct in connection with the cutover of the Ericsson switch, we conclude that the question of an appropriate remedy must be left to the courts. The company's behavior <u>vis-a-vis</u> the IPs has indeed been

See Case 90-C-1148, Order Approving Settlement (issued August 7, 1992).

disgraceful, as fully explained in the Recommended Decision. But Judge Robinson's proposed "refund" remedy amounts, in substance, to an award of damages, which we lack jurisdiction to make. The <u>Autotas</u> case, cited by the Judge as support for his refund recommendation, is distinguishable because it involved refunds of monthly tariff charges for impaired service, whereas here, even though the same tariff provision is applicable, the only charges collected by New York Telephone (and thus the only charges that could be refunded) were those for <u>unimpaired</u> service--<u>i.e.</u>, the per-call charges for completed calls. Also, in <u>Autotas</u> the Commission expressly rejected the sort of computation recommended by Judge Robinson here and instead required refunds of all charges for the entire period of impaired service. A partial refund at a judgmentally derived level that takes into account the extent of the harm suffered by the refund

See, in particular, the discussion at pp. 107-143 of the Recommended Decision. Contrary to New York Telephone's arguments that the Judge mischaracterized or exaggerated the evidence of gross negligence and deliberate misconduct, we believe that with only very limited exceptions, the picture he has painted accurately reflects what happened, both before and after the cutover, and fairly assigns responsibility for the post-cutover operating problems suffered by the IPs. We reserve judgment pending further review (see infra) on the Judge's findings--to which New York Telephone has excepted -- that the company's sponsorship of its "call pumping" testimony was an abuse of the Commission's procedures and that the company "reneged" on a prior commitment when it refused to make the law firm report concerning Mr. Lobosco's allegations available to the parties. We also note that in discussing the remedy issue (an issue we do not reach), Judge Robinson mistakenly asserted that New York Telephone had failed to respond to a January 8, 1991 letter from staff concerning post-cutover problems. The company did respond to staff's letter; see Exhibit 17 (Attachment 14).

See Case 28804, New York Telephone Company (Autotas Service); Opinion No. 86-3 (issued February 18, 1986); Opinion No. 86-3(A) (issued May 6, 1986); Opinion No. 86-3(B) (issued August 28, 1987).

recipients is analogous to a damage award and therefore not within our express authority.

We also disagree with the Judge's view that the 1¢-percall rate increase retained by New York Telephone from 1989 to
1994 should be refunded. Although there was an expectation on
our part that the increase would be used, at least initially, to
help defray the costs of a "Little Pages Directory" that
advertised 976 (and other) services, there was no order requiring
the company to use the revenues in question for that or any other
particular purpose. The company did publish the directory for a
time following the increase, but it discontinued the directory
some time in 1989, apparently due to lack of interest on the part
of the public (and some of the IPs). New York Telephone notes
that its rates were "permanent" (as opposed to temporary and
subject to refund) and that to require refunds at this juncture
would constitute impermissible retroactive ratemaking. We agree.

We are not ready to pass finally on the proposal that we sanction the company for its conduct in these proceedings (as urged by BRN) and on the issue of whether New York Telephone deserves public censure for its admitted reference to residential telephone records of Mr. Lobosco and of Nicholas Fusco (a principal of one of the larger IPs) after these persons testified adversely to the company. Nor are we ready to pass judgment on the implications of the company's termination of Mr. Lobosco's

The Judge rejected the pre-cutover (or Autrax era) portion of BRN's claim--as to which we could provide relief under §118(3) of the Public Service Law, since all that is involved is a billing dispute--on the ground that during that period BRN was a very small IP whose unadjusted call counts were artificially and dramatically inflated by a cross-wiring problem. We agree with the Judge that the cross-wiring problem, along with another phenomenon known as "striping," does explain the large downward adjustments and that BRN's claim is therefore rejected. The only other IP to seek relief in timely fashion for the pre-cutover period was AHCIIP. However, the amount of, and basis for, AHCIIP's claim are not clear and, as with BRN, the claim is denied. Voice Link's claim for the pre-cutover period was not presented prior to the exceptions stage of the proceeding and will not, therefore, be considered.

employment. However, these are all serious issues which warrant very careful attention to help ensure New York Telephone conducts itself reasonably and ethically in our proceedings. We also believe that the company's course of dealing with Mr. Lobosco merits very careful attention to assure that utility employees who testify truthfully about genuine shortcomings in the company's performance are not "scapegoated" so as to deter other employees from coming forward under similar circumstances.

Accordingly, we shall require New York Telephone to submit a detailed report on its handling of the Lobosco termination. The report should address in detail the allegations in Mr. Lobosco's "memo to self" (Exhibit 166 in these proceedings), including, specifically, the allegations of attorney misconduct contained therein. A copy of the so-called "independent" law firm report (the Morvillo report) also should be submitted. The report should also address the reasonableness of the company's access to personal telephone records.

Staff will review these materials and report to us concerning the adequacy or inadequacy of New York Telephone's procedures for dealing with "whistleblowers" and the application of those procedures in this case, whether the company's use of personal telephone records in this instance was reasonable, and, what, if any, corrective actions are warranted.

As noted above, the Judge made several recommendations for prospective changes in the way 976 service is provided to the IPs. We agree with some, but not all, of his recommendations.

First, we agree that New York Telephone should be required to unbundle the various elements of its offering to the IPs, as outlined in the recommended decision. (New York

We are very concerned about the possibility that one or more lawyers representing New York Telephone in these proceedings may have been guilty of ethical lapses, and we intend to explore this issue more fully when we review the company's report.

Judge Robinson was furnished a copy of the Morvillo Report on a confidential basis. He returned it to the company.

Telephone does not except to this recommendation or to the related recommendations for making number portability and ANI available to the IPs.) We also agree that the company should be required to establish the charge for each of those elements on a cost basis, without any additional "contribution" factor. New York Telephone's argument that we considered the "contribution" issue in Phase I and resolved it in favor of continuing the status quo is simply wrong: we did discuss the issue in Opinion No. 94-14, but we did not resolve it, holding instead that the issue should be addressed in Phase II (i.e., now).

The Judge envisioned that unbundling would be accomplished within 90 days following release of the opinion and order in this case and that elimination of the contribution factor would occur as part of the process by which the rate levels currently in effect would be changed. We shall instead specify a 90-day deadline for a tariff filing that would implement both steps. Contemporaneously with the tariff filing, the company should report on the availability of 976 number portability and automatic number identification.

We do not agree with the Judge's recommendation that the blocking and billing protocols now in effect be amended. We conclude that we should not reexamine the blocking rules adopted in Phase I of these proceedings and the billing and collection rules that were adopted in 1992, after extended negotiations among numerous parties, many of whom, as noted by MCI, were not parties to these proceedings. End users have not complained about the inclusion of 976 access along with 900 and 540 access in the existing blocking options, and we are not persuaded that customers who have elected such options should now be told that

Cases 93-C-0451 and 91-C-1249, Opinion No. 94-14, (issued June 1, 1994), mimeo pp. 36-40.

access to 976 numbers has been unblocked and that the customer must take further action if he or she wishes to re-block it.

A final remedial measure recommended by the Judge was that New York Telephone be ordered either to adopt SPIS' proposal for improving the accuracy of the Ericsson switch call counts or to propose a solution of its own. In its exceptions, New York Telephone explains that it has twice attempted to upgrade the switch to accommodate the SPIS proposal and that on both occasions the upgrading attempt caused a switch outage. The company further states that it has developed an alternative solution which can be implemented within 60 days following Commission approval. The alternative solution is reasonable and should be implemented as promised.

Several other issues may be briefly noted. First, NYPR's argument that IPs who were not in business at the time of the Ericsson switch cutover were nevertheless harmed by the problems that ensued and should be awarded refunds on the same basis as other IPs is moot, since we are leaving the question of remedy for judicial resolution. Second, BRN's argument that the Commission should strike from the record New York Telephone's two post-hearing affidavits addressed to Mr. Lobosco's testimony will be denied; as the Judge observed, the affidavits do not undermine Lobosco's testimony and should therefore be admitted into evidence to preclude any complaint of procedural unfairness by

As noted above, one of the IPs (NYPR) has complained in its exceptions about New York Telephone's administration of the existing blocking rules. NYPR acknowledges that its complaint is based on information that was "just recently uncovered" and that the Consumer Services Division (CSD) has been dealing with the complaint. We shall leave this matter with CSD for resolution. NYPR's further concern for what it regards as an inappropriate AT&T intercept message also is beyond the scope of these proceedings and should be addressed to CSD.

New York Telephone also states that pending such implementation it will, as recommended by the Judge, notify each IP whenever "'mechanically derived call counts are not available . . . requiring resort to estimated or adjusted data.'" New York Telephone's Brief on Exceptions, p. 63, quoting the Recommended Decision, pp. 144-45.

New York Telephone. Third, we agree with MCI's suggestion that we refrain from adopting any general rule or policy concerning intercarrier compensation or other terms of interconnection with respect to 976 traffic. As MCI argues, the terms of interconnection should be negotiated between and among carriers, at least in the first instance. Fourth, we reject AHCIIP's various claims that its due process rights were infringed. AHCIIP was indulged at every turn by the Judge, and its claims of procedural unfairness are without merit.

The Commission orders:

- 1. New York Telephone Company is found to have committed gross negligence and to have engaged in deliberate misconduct in connection with the September 1990 transfer of 976 service to the Ericsson switch.
- 2. The January 17, 1997 recommended decision of Administrative Law Judge Frank Robinson is adopted and made a part hereof to the extent it is consistent with the opinion and order. Exceptions to his recommended decision are granted to the extent explained above and are denied in all other respects.
- 3. Within 60 days from the date of this opinion and order, New York Telephone Company shall modify the Ericsson switch in the manner specified at pages 62-63 of the company's brief on exceptions.
- 4. Within 90 days from the date of this opinion and order, New York Telephone Company shall file revisions to its Tariff P.S.C No. 900 to unbundle the rates for Mass Announcement Service as specified in this opinion and order and to eliminate from the revenue requirement underlying the rates so unbundled any amounts over and above the actual cost of providing such service. The revised material shall be filed on not less than 30 days' notice and shall not become effective until approved by the Commission.
- 5. Within 90 days from the date of this opinion and order, New York Telephone shall file a report concerning the

availability of 976 number portability and automatic number identification.

- 6. Consistent with the discussion in the opinion above, within 90 days from the date of this opinion and order, New York Telephone shall file a report detailing the circumstances leading to the termination of Mr. Anthony Lobosco's employment, responding to the allegations of attorney misconduct (the company shall include in its submission a copy of the so-called Morvillo Report), and explaining the propriety of the inspection of Messrs. Lobosco's and Fusco's residential telephone records.
 - 7. Case No. 91-C-1249 is closed.
 - 8. Case No. 93-C-0451 is continued.

By the Commission,

(SIGNED)

JOHN C. CRARY Secretary NYPR

APPENDIX

INFORMATION PROVIDERS

Alphabetical Listing of Acronyms

AHCIIP	Ad Hoc Committee of Independent Information Providers
ANI	Automatic Number Identification
BRN	Black Radio Network
CLEC	Competitive Local Exchange Carrier
IP	Information Provider
MAS	Mass Announcement Service
MCI	MCI Telecommunications Corporation
NIRC	NYNEX Information Resources Company

New York Phone Results, Inc.